

ALASKA STATE LEGISLATURE



House of Representatives

Dear Mr. Boutin and Commissioner Anderson,

We are writing regarding the \$441,000 sole-source, no-bid contract awarded from AIDEA to Clark Penney and Penney Capital.

Reports indicate that the justification for a sole-source, no-bid contract is the recipient's "extensive opportunities in connecting investors with opportunities in new businesses and industry development." The company receiving this contract has only existed for 3 months. While the recipient has experience in finance, award of a contract like this should require competition to ensure that individuals and firms with similar or greater experience could compete for the contract.

We know AIDEA is subject to its own procurement regulations, which line out in detail the parameters for a sole-source contract.

Please provide an explanation of how AIDEA, Department of Commerce, Community, and Economic Development, and the Office of State Procurement justify that this \$441,000 contract be let, without competition, to Clark Penney under 3 AAC 109.490 and the administration's rationale why Alaska is deficient in other qualified contractors to compete for the contract. AIDEA's procurement code 3 AAC 109.490(b) specifically stipulates that the request to use a non-competitive procurement method must not be "arbitrary, capricious or be prompted by corruption."

In this instance, the concern is amplified by the multi-hundred-thousand-dollar financial relationship the Penney family has with the governor's election campaign. Additionally, it appears the company selected in this contract shares a business address with multiple family members who were amongst the top donors to the Governor's election campaign.

We hope to hear a more detailed explanation of the waiver process for this contract, particularly how it precluded competitive bids in the mission to make the Governor's strategic "Open for Business" plan successful.

Thank you,

A handwritten signature in blue ink, appearing to read "Zack", with a stylized flourish at the end.

Representative Zack Fields

Co-Chairs, State Affairs Committee

A handwritten signature in blue ink, appearing to read "Jonathan", with a large loop at the end.

Representative Jonathan Kreiss Tomkins